



CITY OF NEWPORT BEACH

ECONOMIC DEVELOPMENT COMMITTEE

AGENDA

MEETING DATE:

Wednesday, July 20, 2005

TIME:

8:00-9:00 A.M. Please arrive 5 min. prior

PLACE:

City of Newport Beach Council Chambers

Roll Call and Introductions

CONSENT CALENDAR

(All matters listed under CONSENT CALENDAR are considered to be routine and will all be approved by one motion in the form listed below. The EDC members have received detailed staff reports on each of the items recommending an action. There will be no separate discussion of these items prior to the time the Committee votes on the motion unless members of the Committee, staff, or the public request specific items to be discussed and/or removed from the Consent Calendar for separate action.)

1. Approval of Minutes of June 22, 2005 (*Attachment*)
2. Project Status Report (*Attachment*)

ITEMS REMOVED FROM THE CONSENT CALENDAR

DISCUSSION ITEMS

1. Subcommittee Report: Fiscal Impact Analysis of General Plan Alternatives — Mike McNamara, Chair (*Attachments: Committee Report; Committee Summary Chart; Fiscal Impact Report- May 12, 2005; Harbor Commission Letter – 9-10-03*)
2. EQAC Representative's Report

ITEMS FOR A FUTURE AGENDA

PUBLIC COMMENTS

ADJOURNMENT

**NEXT EXECUTIVE COMMITTEE MEETING: Wednesday, August 3, 2005
8:00 A.M. – NEWPORT BEACH CHAMBER OF COMMERCE**

*****Note Changed Meeting Date Below*****

NEXT REGULAR MEETING: Wednesday, August 17, 2005

8:00-9:00 A.M. – CITY COUNCIL CHAMBERS

BID ADMINISTRATION

BID Administration and Coordination	BIDs/Consultant Trimble	BID Administrator & City staff implemented new collection policy—excessive delinquencies handled by City Attorney’s ofc.; Small Claims Court if required.	Ongoing support for BID activities. Contract renewal with BIDS INC (aka Cathimarie’s Inc.)	Ongoing.	
Balboa Village BID	Trimble	BID renewed as of July 1, now coordinated with City’s fiscal year.	BID working on existing events and marketing programs.	Ongoing.	
Corona del Mar BID	Berger	Last BID Board meeting held June 23rd. Discussion of public works project continuing, renewal, and elections.	Next BID meeting July 28th.	Ongoing.	BID renewal at August Council meetings.
Marine Avenue BID	Berger	Last meeting held June 16th. Overview of streetscape project, marketing, and flags for July 4th.	Next BID meeting July 21.	Ongoing.	
Restaurant Association BID	Trimble	On-going marketing program. Additional budget request to CC approved June 28th.	Next meeting 08/2005.	Ongoing.	

COMMUNITY DEVELOPMENT ADMINISTRATION

CDBG Administration	Trimble/Consultant	Consolidated Plan and Action approved by CC 5/10/2005.	Send contracts to Public Service providers. Begin work on CAPER.	Ongoing.	Monitoring of sub-recipients ongoing.
Housing Administration	Trimble/B. Nichols Consultant	Monitoring existing affordable housing units resulted in return of a number of units to affordable status.	Construction of 120 affordable senior housing units at lower Bayview site underway. January 2006.	Ongoing.	Staff continues to coordinate with County agencies and respond to public inquiries regarding affordable housing.

Balboa Peninsula

Balboa Peninsula Sign Overlay Amortization / Incentive Program	Berger/Trimble	Amortization Incentive Program closed out June 2004.	Fry’s Market plans submitted. First reimbursement paid	Ongoing.	Overlay will be replaced by new Citywide sign code.
Balboa Village Streetscape – Phase III	Stein/Trimble	Balboa Inn expansion started 09/2004. OCSD pump station construction underway.	Undergrounding and methane capture projects Fall 2005. Phase III January 2006.	July 2006	

CORONA del MAR

Corona del Mar Vision Plan	Selich/Berger	Median improvement project almost complete.	Construction underway.	Median Replacement completion, Summer ‘05.	
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MARINE AVENUE

Marine Avenue Public Improvements Plan	Berger	Installation of decorative streetlights, benches, receptacles, tree well treatments and new trees complete.	Bench donor plaque program underway by BIIA. Flags installed for July 4 th .	Bench plaque program donation ongoing; waiting for donor list from BIIA.	Park Avenue Bridge seismic retrofit / replacement project on hold. Sidewalk replacement on hold.
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MARINER'S MILE

Mariner's Village Public Improvements Project	Berger/T. Brine/M. Sinacori	MMBOA discussions w/PW staff re: Caltrans safety lighting plan for Old Newport Blvd. through Riverside Dr..	2 nd Phase design on hold, pending Council/GP planning discussions. Continued discussion w/staff re: Caltrans project.		Meeting in August '05 to discuss master planning for MM.
Mariner's Mile BOA	Murrel/Berger	Meeting held July 13 th . Update provided on General Plan Alternatives workshop.	Next meeting to be held August 10 th .	Ongoing activity.	MMBOA interested in continuation of MVPIP improvements and planning; extension of palm trees toward both bridges; relinquishment of PCH through MM; and waterfront boardwalk.

EDC ACTIVITIES

Attraction and Retention	EDC staff	Newport Lexus project in Plan Check; scheduled to begin demolition 7/18; tentative construction to begin in October.	Continuing discussions w/ auto dealers; continuing	Ongoing.	
Strategic Planning	Subcommittee / Wood/Berger	GPU Fiscal/Economic studies being input into General Plan Update process.	ED strategic planning process to continue with GPAC/EDC.	Ongoing, as part of GPU process.	
Image Enhancement & Marketing	Subcommittee / Berger	Wayfinding & Directional Signage Program: pilot project for "Mixmaster area" complete.	Final Mixmaster signs to be installed ASAP. Final design concepts for directional signage to be brought to CC for review & approval in September. Monument signage design to CC as well.		
Hotels	Subcommittee Wood/Trimble				

CITY OF NEWPORT BEACH
ECONOMIC DEVELOPMENT COMMITTEE
General Plan Update Alternatives
Sub-Committee report
July 15, 2005

NARRATIVE REPORT ON GENERAL PLAN OPTIONS

INTRODUCTION

On June 22, 2005, the Economic Development Committee established a sub-committee to review the proposed land use alternatives for the general plan update developed by the General Plan Advisory Committee (GPAC). The General Plan update is intended to guide the development of the City until the year 2025. The charge of the committee was to examine the Options and report back to the entire Economic Development Committee for consideration and adoption of formal recommendations to GPAC and the City Council. The sub-committee members were Jim Donnell, Carol Hoffman, Jeannette Thomas and Michael McNamara, chairman. They were assisted in their work by Sharon Wood, Assistant City Manager and George Berger, Program Manager. This report and the attached "Summary of recommendations and fiscal impact" are presented to the EDC for consideration. The sub-committee makes the following recommendations to the Economic Development Committee.

GENERAL RECOMENDATIONS

1. The Economic Development Committee review the sub-committee recommendations and adopt or modify them for referral to the General Plan Advisory Committee and City Council as the EDC input to the General Plan Update process.
2. The Economic Development Committee take note of the Harbor Commission position as to the economic importance of marine related activity to the financial well being of the City and the need to preserve Marine related land uses.
3. The Economic Development Committee recommend that the City adopt a sustainable growth plan for the harbor and adopt a proactive approach to establishing visitor guest slips as a part of the general plan update by re-negotiating the tidelands slip permits into lease agreements in several planning areas such as Lido Village North, Mariners Mile and Marina Park and requiring a certain percentage of slips be allocated to visiting boaters.
4. The Economic Development Committee recommend the inclusion of Marina Park in the general plan update if it would not unduly delay the process. It is clear that land use decisions in the entire general plan update do have a significant impact on the use of the harbor. The sub-committee views the Marina Park project as a potential source of visitors slips to enhance marine tourism which has no traffic impact on

citizens. Visitor slips are almost non-existent outside of yacht clubs

GENERAL DISCUSSION

The City is projected to have potential increased annual revenues somewhere between \$317,000 and \$10.7 million per year depending upon the Options selected. Lodging and retail sales are projected to be the largest contributors to increased revenue. We first discussed some major over-riding issues that affected all areas. Our conclusions were guided by the principles discussed below.

1. Overall changes to the general plan should show an overall positive fiscal impact on the City, not necessarily in each sub-area.
2. The citizens have spoken and they do not want increased traffic that will affect them in the revised general plan. Therefore the “true maxim” Option will not be the preferred Option unless there are other over-riding issues or mitigating factors.
3. It may be possible to allow more traffic in one or two areas in exchange for substantial fiscal benefit that results in less overall potential traffic impact on residents.
4. All of the recommendations regarding the general plan require balancing trade offs between increased revenue, increased traffic, environmental concerns and quality of life concerns.
5. The sub-committee notes the comments of the Harbor Commission regarding the Marine Industry and the harbor as an economic engine for the City and the need to preserve marine uses in the harbor. The sub-committee makes recommendations to preserve and enhance those uses.
6. The sub-committee notes that the financial data used is three years old from the 2002-03 fiscal year budget. The sub-committee suggests that staff examine the cost and feasibility of updating the numbers to the newly adopted 2005-06 fiscal year budget when the model is used to analyze the preferred land use plan

SPECIFIC RECOMMENDATIONS BY PLANNING AREA

AIRPORT BUSINESS AREA

The addition of 6,600 residential units under Option 3 appears to be excessive for the area because of the 65 CNEL restriction, height restrictions, land use restrictions and CC&R's. Residential use is a good idea for the area along with a mixed use concept but with less housing. By concentrating increased traffic in the airport area, the City is projected to have a 14% increase in peak hour traffic as a trade off for a \$2.8 million increase in annual revenue. The increase in traffic concentrated in an area with good arterials and three major freeways appears to be a good trade off for the additional revenue. The sub-committee recommends Option 2 with a reduction of the potential 6,600 residential units to an amount consistent with the ability of the area to accommodate growth.

BALBOA VILLAGE

The sub-committee does not support the addition of 300 hotel rooms in Option 5. We conclude that it is impractical for the area. Options 1, 2, and 3 provide for 34 infill hotel rooms which we feel is more consistent with the scale of the area. . Thus the sub-committee supports Options 1, 2 and 3 and rejects Options 4 & 5.

BANNING RANCH

The idea of a large hotel or a resort overlooking a sewer plant is not realistic and does not make economic sense. A mix of housing with local commercial would be a better use of the upper area with possible use of some of the lower area as open space and a tie in to trails. The mix of housing would provide a positive fiscal benefit to the City and provide the fiscal resources to restore the open space. The purchase of the entire property for open space by the City would be prohibitive and would utilize all of the potential increases in net revenue for debt service on this single project. The sub-committee recommends Option 2.

CANNERY VILLAGE WEST

There is an ongoing need for the retail services now in place to serve the area and the potential for increased revenues to the City are minimal. The sub-committee recommends no change to the existing general plan.

CANNERY VILLAGE EAST

The proposed increased mix use will have a mutually beneficial relationship with the commercial and keep it viable as well as being served by the commercial with minimal traffic impact. The sub-committee recommends Option 1.

CORONA DEL MAR

The existing Corona Del Mar commercial strip is a very viable, pedestrian oriented, retail area. It provides a net benefit to the City and brings in revenue from outside the City. The sub-committee recommends no change to the existing general plan.

LIDO ISLE

The Option to the existing general plan regarding Lido Isle does not have economic issues but is primarily a lot line adjustment issue and the sub-committee makes no recommendation.

LIDO VILLAGE NORTH

Option 1 and Option 2 both include mixed use development although Option 1 includes a hotel space. Because of the hotel, both Options 1 and 2 provide substantial economic benefit to the City of approximately \$1.3 million annually. The committee encourages the modification of the tideland slip permits to sub-leases to allow for some City revenue as well as visitor slips to foster marine tourism which has no traffic impact. The committee recommends Option 1.

LIDO VILLAGE SOUTH

Option 1 would increase the retail development potential and reduce office space while Option 2 would have mixed use residential and retail space and no new office space. Both of the Options are positive fiscally, however, Option 2 performs much better at \$78,000 per year in revenue. The sub-committee recommends Option 2

MARINER'S MILE

The Harbor Commission in a letter to the City dated September 10, 2003 pointed out that the marine industry accounts for over 1,000 jobs and generates nearly \$2.7 million in annual net revenues to the City of Newport Beach. This places marine revenues in 3rd place in the category of business that provides net revenue to the City behind lodging 1st and retail 2nd. The marine industry produces 5% of total sales tax revenues, ahead of light industrial and hotels. It also produces 5% of gross City revenues which is behind lodging but still ahead of light industrial and service commercial. The fiscal impact model shows the marine industry revenues growing only \$0.3 million over 22 years with no change in expenditures over the same 22 year period yet maintaining their net positive balance of the City of approximately \$3 million staying third in net revenue producer behind lodging and retail. They deem this a “passive no growth alternative”.

The Harbor Commission further urged the City to avoid the passive no growth alternative for marine industry related uses and avoid the “potentially catastrophic decline in the role of marine industry uses as a Newport Beach economic engine”. The Commission recommended that the City (1) adopt a proactive sustainable growth plan for the harbor (2) review the revenue sources allocated to marine uses in the model and (3) add marine tourism uses and revenue sources to marine uses in the general plan update and (4) expand consideration of tidelands uses to new water based uses. These Options would conserve key waterfront locations and important marine uses, enhance user-pay public access... improve the harbor environment... and secondary economic benefits to the City and harbor.

A number of the current developments in Mariner’s Mile entered into agreements with the City to devote at least 40% of their property to marine industry uses in exchange for increased densities when their properties were developed. These uses include restaurant as well as, boat sales, haul out, commissioning of new boats, marine electronics and the like. The elimination of the 40% agreements has been requested as a part of the general plan updates however a majority of the sub- committee does not support the removal of that agreement.

The sub-committee takes note of the Harbor Commission’s point of view and has concluded that: (1)
The long term financial interest of the City is best accomplished by preserving the
City’s Marine Services and maintaining the bay side of Mariner’s Mile as recreational
and Marine Commercial,

- (2) Residential housing is not appropriate for the bay side of Mariner’s Mile because the property will be lost forever for Marine related services with minimal economic benefit in the first year only.
- (3) A hotel on the water side of Pacific Coast Highway could be a financial vehicle to support public access, support the construction of the proposed walk way and could provide a location and funding source for additional visiting boater slips
- (4) The proposed housing and mixed use could be considered on the inland side of the Pacific Coast Highway however we urge the use of horizontal mixed use along the highway.

The sub-committee recommends that the City consider preserving the Mariners Mile area for marine industry uses, not eliminate the 40% marine related requirement, renegotiate the tideland slip permits to sub lease agreements with consideration for visitor slips and some additional revenue to the City. With the above recommendations the sub-committee supports Option 2.

MCFADDEN SQUARE EAST

The addition of a hotel for this area does not appear to be practical because of traffic and parking problems. The existing general plan provides for mixed use and additional condominiums. The sub-committee recommends no change to the existing general plan.

MCFADDEN SQUARE WEST

The proposed option allows the reuse of properties occupied by commercial for mixed-use-buildings that integrate housing above ground level retail uses, with overnight accommodations (bed and breakfast, small

scale boutique hotel.) The option has a positive fiscal impact for the City. The sub-committee recommends Option 1.

NEWPORT CENTER FASHION ISLAND

The committee has noted that the projected retail revenue from the Fashion Island is underestimated as a result of the technical aspects of the fiscal impact model. The current model divides property zoned as “commercial” into 40% “service commercial” and 60% “retail commercial” throughout the City without reference to area. Service commercial generates a lower sales tax ratio than retail commercial. This assumption is not reasonable for Fashion Island and tends to understate the sales tax revenue from the area that has almost all retail commercial. Staff will work with the consultants to adjust the sales tax revenue estimates from Fashion Island in the next update of the economic model

The committee notes that Option 1 provides for the addition of 480 hotel rooms and 1,100 housing units with limited increase of retail space and office space. The estimated \$3.9 million increase of annual net revenue to the City represents almost 40% of the potential increases in the entire general plan process. Almost 98% of this increase is related to the increased lodging (hotel rooms). The sub-committee supports the construction of a large hotel or additional hotel rooms. The increased traffic from hotels does not occur at peak travel times and thus the traffic impact is mitigated to some extent. The increase in housing units by 1,100 units appears to be excessive and the sub committee concludes that a lesser amount may be appropriate. The sub-committee recommends Option 1 with a reduction in housing from 1,100 units to an amount consistent with the area’s ability to accommodate growth..

OLD NEWPORT BOULEVARD

The existing general plan provides for limited expansion of retail with infill of adjoining residential neighborhoods consistent with current zoning. The sub-committee recommends no changes to the existing general plan.

WEST NEWPORT HWY & ADJOINING RESIDENTIAL

The existing general plan provides for little additional development in Block A and a modest fiscal benefit. Option 1 provides for some mixed use residential and commercial with some reduction in the existing lodging rooms in the area. This results in a negative fiscal impact of \$669,000 per year and Option 2 results in a \$1.4 million negative impact on the City. Options 3 & 4 are so similar with minimal economic difference between them. The sub-committee recommends either Option 3 or Option 4 on Block A.

Block B has no proposed changes to the general plan.

Block C proposes some vertical mixed use 2-3 story at the two intersections with traffic lights to provide commercial nodes to support the surrounding housing. The Option 2 provides for the addition of a new hotel that the committe did not feel was practical. The committee concluded that the maintenance of the

existing affordable hotel rooms in the area was beneficial both economically and socially. The sub-committee recommends Option 4 for Block C.

MOBILE HOME REDEVELOPMENT

The sub-committee supports the redevelopment of the mobile home park as open space and parklands that are integrated with the Orange County River Park, or parking and other staging facilities. The sub-committee recommends either Option 3 or Option 4.

WEST NEWPORT INDUSTRIAL

The sub-committee approached the analysis of fiscal impact on a City wide basis. It is clear that not all areas can be positive and in fact the City may decide to accept some negative for other reasons. All of the Options proposed for this area are between \$1.1million and \$1.6 million negative primarily because of the fact that Hoag Hospital is a non-profit institution and does not pay property taxes. The committee came to the conclusion that Hoag Hospital was an important City institution, beneficial to the community, that should be enhanced and supported to the greatest extent possible and that our task was to minimize the loss of revenue to the City. We concluded that Option 3 addressed the strong demand for medical office without the excessive \$428,000 loss to the City of Option 2. The difference is a potential \$1.6 million loss for Option 2 versus a potential \$1.1 loss for Option 3. Option 3 provides for a mix of housing types that could provide more housing for employees of the hospital and would tend to reduce traffic. The committee generally supported option 3 but were advised that the Newport Technology Center is a research and development property with some commercial office allowed. There is probably a market for conversion to medical use, which is not accommodate in Option 3. The committee viewed this as a special issue to be examined. The additional reason that the committee supported Option 3 is that it will allow not only additional office space but continuing industrial space that could maintain the viability of Marine related activities that are not dependent upon a water location. The sub-committee recommends Option 3.

Subarea	Option	Yr. Net Revenues	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public	Traffic Impact Daily trip increases	%	Existing Gen plan
Airport Business Area	2	\$2,809,528	\$80,465	(\$233,614)	\$141,331	(\$42,868)	\$2,984,052	\$0	\$50,632	(\$88,402)	(\$82,068)	17,623	16%	108,771
Balboa Village	1,2,3	(\$93,547)	(\$70,558)	(\$36,041)	\$4,530	\$0	\$0	\$0	\$5,880	\$0	\$2,642	(324)	-2%	18,504
Banning Ranch	2	\$702,731	\$213,592	\$0	\$34,389	\$0	\$489,691	\$0	\$6,457	(\$33,792)	(\$7,606)	(5,319)	-24%	22,335
Cannery Village West	Ext GP	(\$746)	(\$2,590)	\$0	\$1,427	\$0	\$0	\$0	\$298	\$0	\$119	0	0%	3,601
Cannery Village East	1	\$66,862	\$31,836	\$49,612	\$26,367	(\$39,144)	\$0	\$0	(\$1,461)	\$0	(\$348)	1,218	12%	10,239
Corona Del Mar	Ext GP	\$129,552	\$86,603	(\$34,302)	\$54,370	\$0	\$0	\$0	\$15,827	\$0	\$7,054	0	0%	48,807
Lido Isle	NR	\$64,569	\$63,271	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,298	0	0%	n/a
Lido Village North 1452	1	\$1,368,587	\$17,848	\$49,014	\$54,089	\$0	\$1,301,961	(\$1,893)	\$0	(\$52,432)	\$0	3,191	51%	6,229
Lido Village South 1453	2	\$78,307	\$14,384	\$12,832	\$41,972	\$0	\$0	\$6,958	\$0	\$2,161	\$0	1,655	28%	5,989
Mariner's Mile	2	\$74,836	(\$53,171)	(\$26,400)	\$11,662	\$132	\$142,488	\$0	\$4,983	\$0	(\$4,858)	7,710	15%	49,783
McFadden Square East	Ext GP	\$483,565	\$20,724	(\$34,509)	\$17,422	\$4,999	\$483,568	\$0	\$7,169	\$0	(\$15,808)	0	0%	3,955
McFadden Square West	1	\$1,045,853	\$229	\$888	\$32,123	\$0	\$1,052,526	\$0	\$1,361	\$0	(\$41,274)	1,705	40%	4,221
Newport Center/Fashion	1	\$3,931,206	\$51,529	(\$118,438)	\$264,749	\$0	\$3,839,177	\$0	\$68,599	(\$51,672)	(\$122,738)	22,734	21%	109,174
Old Newport Blvd.	Ext GP	\$84,552	(\$53,171)	(\$26,400)	\$11,662	\$132	\$142,488	\$0	\$4,983	\$0	\$4,858	0	0%	8,980
W. Newport Hwy. A	3,4	\$2,406	\$3,080	\$0	\$0	\$0	\$0	\$0	(\$492)	(\$182)				8,241
W. Newport Hwy. C	4	\$342,926	\$352	\$0	\$1,189	\$0	\$357,562	\$0	(\$1,485)	\$0	(\$14,692)			
West Newport Industrial	3	(\$1,159,336)	(\$69,027)	(\$214,337)	\$0	\$78,644	\$0	\$0	\$26,795	(\$1,063,733)	\$82,322	563	-1%	8,241
Grand Total All Subareas		\$9,931,851	\$335,396	(\$611,695)	\$697,282	\$1,895	\$10,793,513	\$5,065	\$189,546	(\$1,288,052)	(\$191,099)	50,756	12%	417,070

Fiscal Analysis Of The General Plan Alternatives

May 12, 2005

Prepared for
City of Newport Beach

Prepared by
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INTRODUCTION AND SUMMARY

The fiscal analysis of the General Plan Alternatives is based on the model described in the report entitled *Fiscal Impact Analysis and Model*, dated January 2004. The report described the methodology used to develop the fiscal model and presents a fiscal analysis of existing land uses in Newport Beach, as well as analyses of future growth both at Newport Coast and for the city as a whole based on the existing General Plan.

The present report analyzes several citywide alternatives identified through analysis of trip generation rates for each development option identified by the GPAC in geographic subareas of the City. The analysis evaluates the new development that would occur in each General Plan alternative. The report also presents a fiscal analysis of every option for each study area. However, from a fiscal perspective, the planning goal is to achieve a positive fiscal result citywide, not necessarily in each subarea. This requires a balance of land uses across the city, and each neighborhood or commercial district will provide only a piece of the total land use mix. Therefore, the results from the individual subareas should be viewed as “building blocks”, for use in creating citywide development alternatives that make fiscal sense.

The City would not likely want all future growth to be concentrated in one type of land use or another, because individual land uses depend on each other from an economic standpoint, as illustrated in Figure 1 below. For example,

by themselves, residential and office uses sometimes create a negative fiscal impact, yet they provide the income and living environment necessary to support the retail uses that provide more of the fiscal benefit for the City.

In general, the individual land uses generate similar impacts as demonstrated in the earlier analysis of general plan buildout for the City (Figure

Figure 1
Economic and Fiscal Relationships in Newport Beach



2).

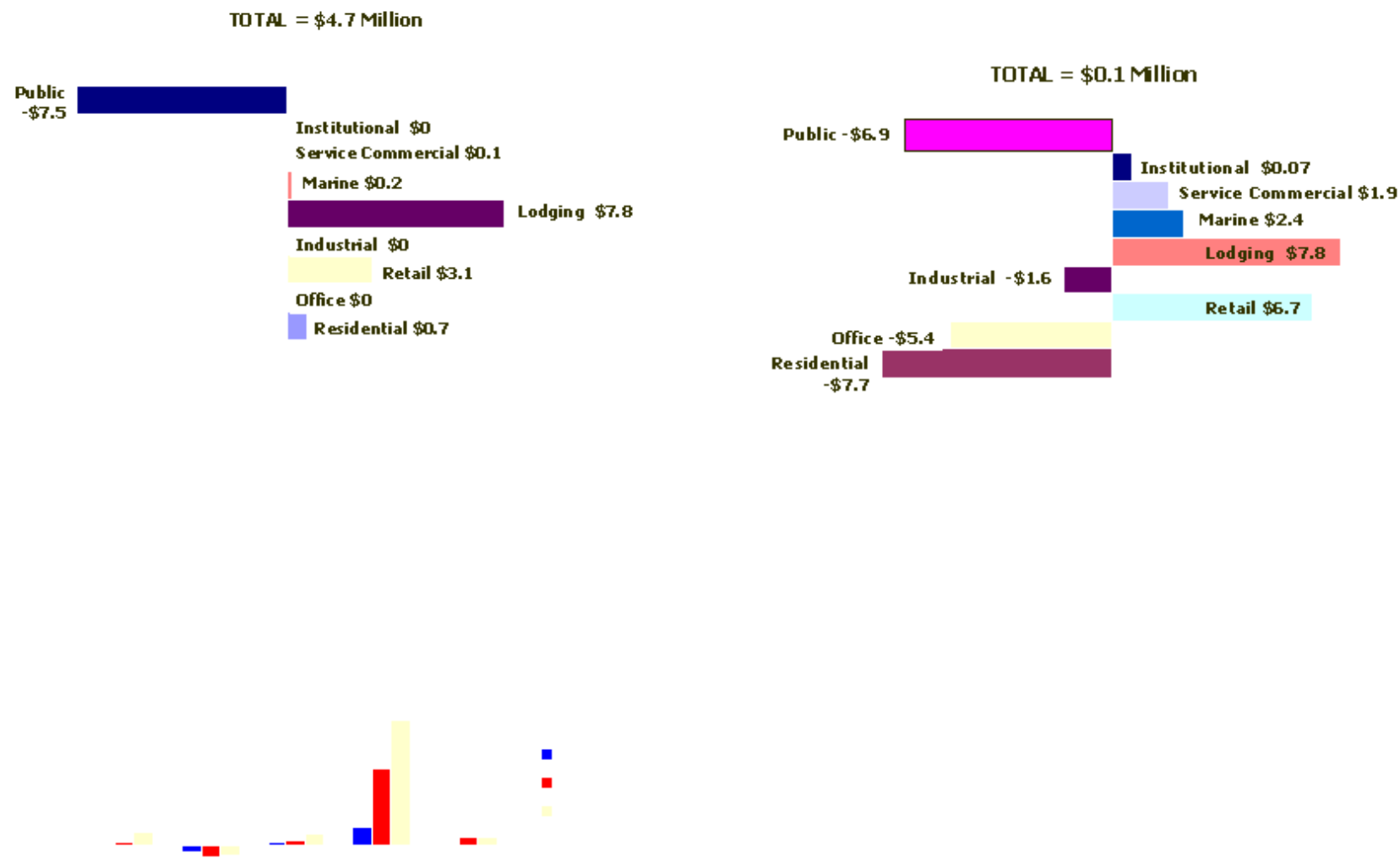
Office and industrial uses typically do not generate enough property tax to offset the cost of services for those uses. However, retail, lodging and service commercial uses show a positive fiscal benefit, primarily due to sales taxes they generate as well as Transient Occupancy Tax (TOT) revenues from overnight stays. Public uses tend to require more in service costs than they generate in tax revenues. Figure 3 shows the net benefit of land uses serving primarily visitors.

Average-priced housing creates a negative fiscal impact while higher-priced units tend to pay for themselves in terms

[\[1\]](#)

of their cost/revenue balance for the City. As shown in Figure 2, the total existing residential housing stock in Newport Beach is estimated to create a negative fiscal impact of \$7.7 million annually, due in part to the fact that assessed values tend to degrade in relation to market values over time. The types of housing included in the General Plan Alternatives, combined with current market trends, result in higher property tax revenues than is typically

generated by the current housing stock. This leads to a positive fiscal outcome for most of the residential scenarios analyzed in this report (see Figure 4) (more discussion of residential values is provided at the end of this report).



FISCAL IMPACT OF THE ALTERNATIVES

Citywide alternatives

The fiscal performance of the alternatives and the various options for the sub-areas is a function largely of their land use combination and the amount of new development of each type. Three citywide alternatives were assembled, representing low and high levels of traffic generation. These same alternatives have been evaluated here from a fiscal standpoint; but perhaps not surprisingly, the results are the reverse of the traffic analysis. The maximum trip generation alternative generates the best fiscal benefit. While the two minimum traffic generation alternatives still generate positive fiscal results, they have lower net revenues (Table 1).

The outcome for the minimum alternatives could be significantly affected by the cost of purchasing Banning Ranch for open space, if the cost were borne by the City of Newport Beach. As discussed below in the section on Banning Ranch, the cost of the land could require bond payments as high as \$10.3 million annually. This would cause both of the minimum alternatives to show a negative fiscal impact. However, it is possible this transaction could be undertaken by other groups or agencies, or perhaps with the aid of state or federal funds. For these reasons, the land purchase has not been included in the figures in Table 1, but it must be recognized that the cost of the open space option at Banning Ranch could be substantial.

A number of the individual options for many of the subareas do show a negative fiscal impact, as discussed in more detail in the next section. Table 2 provides some perspective for this discussion by presenting the individual options that comprise the citywide alternatives. The table indicates the percent contribution of each area to the grand total for each alternative, and demonstrates that although some of the areas have negative fiscal impacts, the magnitude of the impact is minimal.

TABLE 1
Fiscal Impact of General Plan Alternatives

	Total	Residential	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
True Minimum	\$317,104	\$21,046	(\$520,391)	\$214,133	\$25,670	\$1,466,127	\$0	\$125,968	(\$1,076,879)	\$61,429
Subarea Only Options Minimum	\$5,325,466	\$232,327	(\$834,973)	\$383,142	\$1,762	\$5,919,656	\$674,832	\$174,318	(\$1,160,055)	(\$65,544)
Subarea Only Options Maximum	\$10,321,718	\$985,111	(\$726,305)	\$860,417	\$97,038	\$9,659,692	\$674,832	\$179,556	(\$1,244,653)	(\$163,970)

TABLE 2
Detailed Alternatives Analysis

	True Minimum	Subarea Only Options Minimum	Subarea Only Options Maximum
AIRPORT BUSINESS AREA			
General Plan Growth	-2.1%		
GPAC Alternatives Growth			
Option 2		52.8%	
Option 3			34.2%
BALBOA VILLAGE			
GPAC Alternatives Growth			
Option 3	-25.4%	-0.1%	
Option 4			-1.8%
BANNING RANCH			
GPAC Alternatives Growth			
Option 1--Open Space	-1.0%	0.1%	
Option 2-Taylor Woodrow			6.8%
CANNERY VILLAGE			
TAZ 1449/CANNERY VILLAGE WEST			
General Plan Growth	-0.2%		
GPAC Alternatives Growth		0.8%	0.4%
TAZ 1454/CANNERY VILLAGE EAST			
GPAC Alternatives Growth			
Option 1			0.6%
Option 2	-26.1%	-1.6%	
CORONA DEL MAR			
GPAC Alternatives Growth			
Option 1			1.5%
Option 2	47.6%	2.8%	
LIDO ISLE			
General Plan Growth			0.6%
GPAC Alternatives Growth			
Option 1--No change	0.0%	0.0%	
LIDO VILLAGE			
TAZ 1452			
General Plan Growth	0.2%		
GPAC Alternatives Growth			
Option 2			13.0%
Option 3-mixed use		1.8%	
TAZ 1453			
General Plan Growth	-9.0%		
GPAC Alternatives Growth			
Option 1		0.4%	
Option 2			0.8%
MARINERS MILE			
TOTAL PLANNING AREA			
General Plan Growth	32.8%		
GPAC Alternatives Growth			
Option 2		17.9%	9.2%

MCFADDEN SQUARE

TAZ 1450

General Plan Growth 3.4%

GPAC Alternatives Growth 9.1% 4.7%

TAZ 1451

General Plan Growth 4.5%

GPAC Alternatives Growth 19.6% 10.1%

NEWPORT CENTER/FASHION ISLAND

General Plan Growth 272.6%

GPAC Alternatives Growth

Option 1 38.1%

Option 2 8.1%

TABLE 2**Detailed Alternatives Analysis (continued)**

	True Minimum	Subarea Only Options Minimum	Subarea Only Options Maximum
OLD NEWPORT BOULEVARD			
TAZ 1432			
General Plan Growth	23.6%		
GPAC Alternatives Growth			
Option 1			1.0%
Option 2		3.0%	
WEST NEWPORT HIGHWAY			
Block A			
Option 2 (spec needs housing)			0.0%
Option 4 (parking lot)	0.9%	0.1%	
Block B (no change, est. exist dus)	0.0%	0.0%	0.0%
Block C			
Option 1 (vertical mixed use)			-4.9%
Option 4 (limit rtl, hsg, & hotel)	108.1%	6.4%	
Non-Study Area	35.4%	2.1%	1.1%
WEST NEWPORT INDUSTRIAL			
GPAC Alternatives Growth			
Option 2 (total TAZ)			-15.4%
Option 3 (total TAZ)	-365.6%	-21.8%	
TOTAL *	100.0%	100.0%	100.0%

*Note: Totals do not add due to rounding.

FISCAL IMPACT OF SUBAREA OPTIONS

An analysis was run for every land use option in each subarea in the General Plan alternatives analysis. The analysis addresses only the incremental land use change, and does not account for existing land uses that would remain in place for each alternative. While the options within each subarea may be mutually exclusive, the fiscal results for the options may be added to those for options in other subareas to create results for any combination of subareas throughout the City. A brief discussion of each subarea is provided below.

AIRPORT BUSINESS AREA

According to the existing General Plan Growth Scenario, the Airport Business area would add primarily commercial and office development, with little change in the number of hotel rooms. This scenario produces a negative fiscal effect, primarily due to the amount of office space in relation to other land uses (Table 3).

Under the GPAC alternatives, Option 1 would see substantially more office development, but also significant growth in lodging. New retail development would be similar to the existing General Plan. This option produces a very strong \$3.2 million in annual net revenues.

Option 2 introduces mixed use residential and commercial development, with less office space and lodging than in Option 1. It performs very well, with \$2.8 million in annual net revenue. Option 3 expands the mixed use development over Option 2, and provides much less office space, but the same amount of hotel development as in Option 2. It has the best fiscal impact of the GPAC options in this area, with \$3.5 million in annual net revenues.

BALBOA VILLAGE

There are five options in this area in addition to the existing General Plan (Table 4). Under the General Plan Growth Scenario, the area would see growth in condominiums and single-family units in lieu of some existing single family units. There would also be a small amount of new retail and office development. Overall, this scenario creates a negative fiscal impact of about \$93,000 per year.

The first three GPAC alternatives show very similar residential development patterns as the General Plan alternative, but with slightly varying amounts of commercial or office space. Their fiscal effects are very similar to the General Plan, ranging from negative \$80,000 to negative \$93,500. Options 4 and 5 include mixed use development, featuring residential over retail space. Option 5 also includes new hotel space, not included in any of the other options. The hotel development creates a positive fiscal impact for Option 5, while Option 4 remains slightly negative.

BANNING RANCH

In the General Plan Growth Scenario, the Banning Ranch Area is slated to have 2,496 multi-family units, in addition to 225 single-family units. There would be commercial development to support the residential uses, as well as industrial and office uses in portions of the site adjacent to the existing West Newport industrial area. It is anticipated that this site would support higher than average residential values, and the General Plan scenario produces a modest positive fiscal impact of about \$27,000 per year.

The GPAC options range from devoting the entire site to open space (Option 1) to various levels of residential and commercial uses substantially below the amount allowed by the existing General Plan (Options 2 and 3), with no office or industrial space. These middle option are variations on the previously proposed Taylor Woodrow project, and both create a healthy fiscal benefit of nearly \$600,000 to \$700,000 per year (Table 5). Option 4 would include a resort on a smaller portion of the site, with relatively little housing and no industrial or office space. However, the lodging development would create a \$1.7 million net fiscal benefit, which is the best result of all the scenarios for Banning Ranch.

The open space option would entail significant cost to purchase and maintain the land at Banning Ranch. The value of the land is dependent upon the development options available to it. For this analysis, we have taken the approach

of estimating the total value of the various land use options included in the alternatives analysis and then setting the land value at 25 percent of total value for each option (Table 6).

The development permitted under the existing General Plan is the most intensive of the options, and would result in a total development value of over \$1.7 billion. Options 2 and 3 reduce this value somewhat. Option 4, a small scale resort development, represents the lowest overall value project, primarily because it uses only a small portion of the site. We have taken the average of these alternatives to represent the potential value of a project at Banning Ranch. This results in a potential land value of \$226 million. If the community were to approve a 30-year bond measure to finance this purchase, the annual debt service would be about \$10.3 million.

TABLE 3
Fiscal Impact For Airport Business Area

AIRPORT BUSINESS AREA	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
General Plan Growth	(\$6,656)	\$0	(\$189,853)	\$84,777	(\$18,959)	\$65,292	\$0	\$45,196	(\$8,943)	\$15,835
GPAC Alternatives Growth										
Option 1	\$3,291,377	\$0	(\$700,211)	\$187,982	(\$42,868)	\$3,832,850	\$0	\$122,339	(\$8,940)	(\$99,776)
Option 2	\$2,809,528	\$80,465	(\$233,614)	\$141,331	(\$42,868)	\$2,984,052	\$0	\$50,632	(\$88,402)	(\$82,068)

Option 3

	\$3,525,627	\$340,968	(\$39,044)	\$163,033	\$223,432	\$2,984,052	\$0	\$28,616	(\$88,402)	(\$87,029)
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TABLE 4
Fiscal Impact For Balboa Village

BALBOA VILLAGE	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
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General Plan Growth

	(\$93,184)	(\$71,746)	(\$36,041)	\$5,768	\$0	\$0	\$0	\$6,133	\$0	\$2,702
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GPAC Alternatives Growth										
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Option 1

	(\$92,186)	(\$69,212)	(\$36,041)	\$4,530	\$0	\$0	\$0	\$5,880	\$0	\$2,657
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Option 2										
	(\$93,547)	(\$70,558)	(\$36,041)	\$4,530	\$0	\$0	\$0	\$5,880	\$0	\$2,642

Option 3

	(\$80,433)	(\$71,746)	(\$20,145)	\$5,768	\$0	\$0	\$0	\$3,948	\$0	\$1,742
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Option 4										
	(\$189,445)	(\$25,467)	\$12,452	\$28,295	\$0					

\$1,868,324	(\$41,132)	\$12,452	\$46,416	\$0	\$1,928,057	\$0	(\$1,387)	\$0	(\$76,082)
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BANNING RANCH

Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
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\$27,147	\$163,680	(\$124,393)	\$15,392	(\$72,200)	\$0	\$0	\$22,270	\$0	\$22,397
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[illegible]

\$702,731	\$213,592	\$0	\$34,389	\$0	\$489,691	\$0	\$6,457	(\$33,792)	(\$7,606)
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\$591,375	\$117,818	\$0	\$22,110	\$0	\$489,691	\$0	\$3,013	(\$27,603)	(\$13,655)
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Option 4-Resort

\$1,697,321	\$5,885	\$0	\$47,272	\$0	\$1,710,654	\$0	\$2,152	(\$1,673)	(\$66,969)
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As discussed in the Introduction, other options may be possible for purchasing the land, some of which may not require any investment from the City of Newport Beach itself. Therefore, the land purchase has been kept separate from the fiscal impact of the onsite land uses in Table 5.

TABLE 6
Estimated Land and Development Values at Banning Ranch

LAND USE	DEVELOPMENT OPTIONS			
	General Plan	Option 2	Option 3	Option 4
RESIDENTIAL				
Single Family	\$202,500,000	\$787,500,000	\$392,400,000	\$0
Multi-Family	\$1,388,400,000	\$487,275,000	\$142,675,000	\$26,000,000
Subtotal Residential	\$1,590,900,000	\$1,274,775,000	\$535,075,000	\$26,000,000
NON-RESIDENTIAL				
Office	\$33,431,918	\$0	\$0	\$0
Retail	\$1,859,526	\$2,789,289	\$1,301,668	\$929,763
Industrial	\$108,976,964	\$0	\$0	\$0
Lodging	\$0	\$5,997,503	\$5,997,503	\$20,951,277
Service Commercial	\$12,395,592	\$3,593,977	\$1,677,189	\$1,197,992
Subtotal Non-Residential	\$156,664,000	\$12,380,768	\$8,976,360	\$23,079,032
TOTAL	\$1,747,564,000	\$1,287,155,768	\$544,051,360	\$49,079,032
ESTIMATED LAND VALUE	\$436,891,000	\$321,788,942	\$136,012,840	\$12,269,758
AVERAGE AMONG THE OPTIONS	\$226,740,635			
ANNUAL COST*	\$10,316,699			

*Based on a 30 year bond @ 5%.

Source: ADE., Inc.

CANNERY VILLAGE

The east and west villages have been addressed separately in the analysis (Table 7).

Cannery Village West (TAZ 1449)

Under the existing General Plan, this area would see a small amount of condominium development and some commercial growth. This scenario has a minor negative fiscal impact. The GPAC alternative would include mixed-use development with residential over commercial space, and increase the intensity of development over the existing General Plan. All of the land uses in this option are fiscally positive, totaling about \$45,000 in net revenue per year.

Cannery Village East (TAZ 1454)

The existing General Plan would allow additional condominium development along with a small amount of retail, office and waterfront industrial development in this area. The industrial uses contribute to a negative fiscal impact, although if the future development includes boat sales along with repair, it could actually be a positive fiscal benefit.

The GPAC Option 1 would have mixed use development at greater intensities, while Option 2 focuses mainly on multi-family residential development, in place of some of the existing commercial space in the area. The mixed use development in Option 1 creates a positive fiscal impact, while the mix of land uses in Option 2 is negative.

CORONA DEL MAR

According to the General Plan Growth Scenario, the Corona del Mar area will add some single family residential development, with supporting commercial and professional office space. The single family units create a positive fiscal effect, and the scenario as a whole produces more than \$129,000 per year in net revenue (Table 8).

Options 1 and 2 introduce mixed-use space, along with the new single family units. These options have even higher fiscal benefits due to the higher intensity of residential development.

LIDO ISLE

The existing General Plan would allow additional growth in single family units. In addition to this option, the GPAC also defined an alternative that would keep development as it currently exists in the area. The existing General Plan development scenario would increase property values in the area and have a positive fiscal benefit of about \$64,000 per year, which would not be realized with the alternative (Table 9).

TABLE 7
Fiscal Impact For Cannery Village

CANNERY VILLAGE	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
TAZ 1449/CANNERY VILLAGE WEST										

General Plan Growth										
	(\$746)	(\$2,590)	\$0	\$1,427	\$0	\$0	\$0	\$298	\$0	\$119
Alternatives Growth										
	\$42,519	\$20,228	\$10,876	\$10,153	\$0	\$0	\$0	\$592	\$0	\$669
TAZ 1454/CANNERY VILLAGE EAST										
General Plan Growth										
	(\$31,407)	\$8,756	(\$5,531)	\$2,273	(\$39,144)	\$0	\$0	\$1,225	\$0	\$1,014
GPAC Alternatives Growth										
Option 1										
	\$66,861	\$31,836	\$49,612	\$26,367	(\$39,144)	\$0	\$0	(\$1,461)	\$0	(\$348)
Option 2										
	(\$82,669)	(\$8,619)	\$49,612	(\$58,996)	(\$39,144)	\$0	\$0	(\$19,275)	\$0	(\$6,247)

TABLE 8
Fiscal Impact For Corona Del Mar

CORONA DEL MAR										
	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
General Plan Growth	\$129,552	\$86,603	(\$34,302)	\$54,370	\$0	\$0	\$0	\$15,827	\$0	\$7,054
GPAC Alternatives Growth										
Option 1	\$152,388	\$108,866	(\$21,622)	\$46,311	\$0	\$0	\$0	\$12,437	\$0	\$6,396
Option 2	\$151,051	\$103,760	\$43,485	\$7,767	\$0	\$0	\$0	(\$4,483)	\$0	\$522

TABLE 9
Fiscal Impact For Lido Isle

LIDO ISLE										
	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
General Plan Growth	\$64,569	\$63,271	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,298

GPAC Alternatives Growth

Option 1--No change to existing uses

\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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LIDO VILLAGE

The north and south sections of this subarea have been addressed separately in the analysis (Table 9).

Lido Village North (TAZ 1452)

In the northern portion of Lido Village, little growth would occur in the General Plan Scenario and there is little fiscal effect. Under the GPAC alternatives, both Option 1 and Option 3 would include mixed use development, with residential over commercial space. Option 2 focuses more on retail and visitor accommodation, although Option 1 also includes new hotel space. Due to the hotel space, Options 1 and 2 return a substantial \$1.3 million annual fiscal benefit, while the Option 3 fiscal impact is a much more modest \$95,000 per year (Table 10).

Lido Village South (TAZ 1453)

The existing General Plan for this area would allow some new office development and a small amount of new commercial space. The office space contributes to an overall negative fiscal impact by this scenario of more than \$28,000 per year.

Under the GPAC alternatives, Option 1 would increase the retail development potential and reduce office space, while Option 2 would have mixed use residential and retail space and no new office space. While both of these options are positive fiscally, Option 2 performs much better at \$78,000 per year in net revenues (Table 10).

MARiners mile

In the General Plan Growth Scenario, the Mariners Mile project area is projected to include additional office space, and a small amount of hotel development. This scenario would result in a positive fiscal impact of about \$103,000 per year (Table 11).

The GPAC options would add mixed use development, substantially increasing the amount of housing development in the area, along with the same increase in lodging as in the existing General Plan. In addition, Option 2 would focus on marine uses in-lieu of some of the other non-residential land uses. This would boost the fiscal benefit of the option

to more than \$950,000 per year, up from \$305,000 per year under Option 1.

MCFADDEN SQUARE

The east and west portions of this subarea have been addressed separately in the analysis (Table 12).

McFadden Square East (TAZ 1450)

The existing General Plan would permit some increase in single family attached housing in this area, along with a small amount of commercial development. This land use mix produces a small fiscal benefit of about \$10,000 per year. The GPAC alternatives would include mixed use development with residential over office space. There would also be additional lodging development, which substantially increases the fiscal benefit by \$483,000 per year (Table 12).

McFadden Square West (TAZ 1451)

In this area, the existing General Plan would also allow some single-family detached units along with townhouse or duplex developments. As with the east side of this area, this mix produces a modest positive fiscal benefit (\$14,000 per year). The GPAC alternative would focus on lodging development with some supporting commercial space, creating net positive revenues of over \$1 million annually.

TABLE 10
Fiscal Impact For Lido Village

LIDO VILLAGE	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
TAZ 1452										
General Plan Growth	\$644	\$0	\$0	\$507	\$0	\$0	\$106	\$0	\$30	\$0
GPAC Alternatives Growth										
Option 1	\$1,368,586	\$17,848	\$49,014	\$54,089	\$0	\$1,301,961	(\$1,893)	\$0	(\$52,432)	\$0
Option 2	\$1,344,576	(\$11,800)	\$49,014	\$59,238	\$0	\$1,301,961	(\$819)	\$0	(\$53,018)	\$0
Option 3-mixed use	\$95,856	\$25,259	\$49,014	\$23,895	\$0	\$0	(\$1,893)	\$0	(\$419)	\$0
TAZ 1453										
General Plan Growth	(\$28,506)	\$0	(\$29,999)	\$2,665	\$0	\$0	\$4,668	(\$8,448)	\$2,608	\$0
GPAC Alternatives Growth										
Option 1	\$20,321	(\$12,347)	\$12,832	\$16,993	\$0	\$0	\$1,745	\$0	\$1,099	\$0
Option 2	\$78,308	\$14,384	\$12,832	\$41,972	\$0	\$0	\$6,958	\$0	\$2,161	\$0

TABLE 11
Fiscal Impact For Mariners Mile

MARINERS MILE	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
General Plan Growth	\$103,921	\$4,448	(\$108,611)	\$3,541	\$0	\$176,042	\$0	\$27,801	\$682	\$18
GPAC Alternatives Growth										
Option 1	\$305,988	\$71,708	(\$52,853)	\$75,673	\$0	\$176,042	\$0	\$32,528	(\$472)	\$3,363
Option 2	\$953,229	\$71,708	(\$61,321)	\$68,838	\$0	\$174,718	\$674,832	\$19,517	(\$472)	\$5,410

TABLE 12
Fiscal Impact For McFadden Square

MCFADDEN SQUARE	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
TAZ 1450										
General Plan Growth	\$10,881	\$5,160	\$0	\$392	\$4,999	\$0	\$0	\$82	\$0	\$248
GPAC Alternatives Growth	\$483,564	\$20,724	(\$34,509)	\$17,422	\$4,999	\$483,568	\$0	\$7,169	\$0	(\$15,808)
TAZ 1451										
General Plan Growth	\$14,223	\$229	(\$1,113)	\$3,499	\$0	\$0	\$0	\$1,047	\$11,010	(\$450)
GPAC Alternatives Growth	\$1,045,852	\$229	\$888	\$2,123	\$0	\$1,052,526	\$0	\$1,361	\$0	(\$41,274)

NEWPORT CENTER/FASHION ISLAND

The existing General Plan would allow some increases in nearly all of the existing land uses including commercial, office and hotels. There would be no increase in residential development, however. This scenario creates a fiscal benefit of more than \$860,000 per year (Table 13).

The GPAC alternatives would have varying amounts of new development in the non-residential land use categories, along with potentially substantial increases in multi-family residential development. Option 1 would have significantly more hotel development than would either the existing General Plan or the other GPAC options, and would also significantly increase the amount of retail development in the area. This combination of land uses creates the best fiscal benefit in the area, at \$3.9 million per year (Table 13). Option 2 significantly increases the amount of office space that would be permitted, which reduces the fiscal benefit of this scenario to \$428,000. Option 3 has the same office and hotel growth as the existing general Plan, but increases retail development over Option 2, thus resulting in a mid-range fiscal benefit for this area of \$927,000 per year. Also, this option has more housing than the others, and given the anticipated market segments for the housing this increases the fiscal benefit of the option.

OLD NEWPORT BLVD.

The existing General Plan option increases single family attached units along with some commercial and office space. This scenario would have a positive fiscal impact of about \$74,000 per year (Table 14). The GPAC options focus on mixed use residential and commercial development, along with a small amount of additional lodging. In addition, Option 1 includes increased medical offices in the area. However, with the lodging and an increased component of retail development, Option 1 has a solid fiscal benefit of about \$99,000 per year. Option 2 performs much better without the office space, despite having slightly less retail development. It produces about \$161,000 per year. Option 3 deletes the lodging and has a fiscal benefit of only \$18,000 per year.

WEST NEWPORT HIGHWAY AND ADJOINING RESIDENTIAL

The existing General Plan would see very little additional development in this area and a modest fiscal benefit. The GPAC Option 1 adds mixed use residential and commercial development, with some reduction in the existing lodging rooms in the area. This results in a negative fiscal impact of more than \$500,000 per year. Option 2 concentrates on adding some housing and more lodging to the area, and has the best fiscal benefit, at about \$1.2 million annually. Option 3 adds more commercial and open space but also results in a reduction of lodging, and a resulting negative fiscal impact. Option 4 provides limited additional retail, residential and hotel development, with a positive fiscal impact of more than \$340,000 per year.

WEST NEWPORT INDUSTRIAL

This area features growth in industrial and office uses and expansion of the hospital. The hospital is certainly a major community resource, and in many ways is likely an economic engine in terms of fostering related medical office development and possibly medical equipment sales. However, because it is operated by a non-profit religious group, the City receives very little property tax from the hospital. The available revenues do not cover the estimated city services costs. This greatly influences the outcome of all the development scenarios in this area. The potential impact of the hospital expansion is approximately negative \$1 million annually.

In addition to the hospital project, the three GPAC options in this area include progressively larger components of multi-family housing development. Option 1 also includes substantial industrial development along with a moderate amount of office space, creating a negative \$1.3 million annual fiscal impact (Table 16). Option 2 includes some commercial development and a very large medical office component, but reduces the amount of industrial development compared to Option 1. Option 2 has the worst fiscal impact of the three, at negative \$1.5 million. Option 3 includes the most housing development of the three and actually reduces some of the existing industrial space to make room for the housing and new office development. This option has the best fiscal result, at negative \$1.1 million.

TABLE 13
Fiscal Impact For Newport Center/Fashion Island

NEWPORT CENTER/FASHION ISLAND	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
General Plan Growth	864,583	0	(23,015)	149,635	0	724,743	0	36,082	(4,101)	(18,761)
GPAC Alternatives Growth										
Option 1	3,931,206	51,529	(118,438)	264,749	0	3,839,177	0	68,599	(51,672)	(122,738)
Option 2	428,956	7,184	(489,715)	93,818	0	724,743	0	89,723	(4,101)	7,304
Option 3	927,679	58,713	(23,015)	149,635	0	724,743	0	36,082	(4,101)	(14,378)

TABLE 14
Fiscal Impact For Old Newport Boulevard

OLD NEWPORT BOULEVARD	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
General Plan Growth	74,836	(53,171)	(26,400)	11,662	132	142,488	0	4,983	0	(4,858)
GPAC Alternatives Growth										
Option 1	99,132	(32,708)	(53,592)	39,506	132	142,488	0	3,536	0	(229)
Option 2	161,152	(48,095)	52,330	22,068	132	142,488	0	(675)	0	(7,096)
Option C	18,206	(52,092)	52,330	17,539	132	0	0	(675)	0	972

TABLE 15
Fiscal Impact For West Newport Highway and Adjoining Residential

WEST NEWPORT HIGHWAY AND ADJOINING RESIDENTIAL	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public
General Plan Growth										
	\$7,634	(\$51)	\$0	\$6,056	\$0	\$0	\$0	\$1,264	\$0	\$365

Option 1 (multi-family res)

(\$669)	(\$719)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50
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Option 3 (park, open space)

(\$1,481)	(\$1,591)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$111
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[illegible]

Block C

Option 1 (vertical mixed use)											
		(\$503,762)	\$45,396	\$0	\$7,681	\$0	(\$586,806)	\$0	\$4,438	\$0	\$25,528
Option 2 (dus & hotel)											
		\$1,262,151	\$352	\$0	\$15,610	\$0	\$1,301,917	\$0	(\$3,043)	\$0	(\$52,684)
Option 3 (oml. w/lot consold)											
		(\$554,542)	\$3,388	\$0	\$1,706	\$0	(\$586,806)	\$0	\$3,191	\$0	\$23,979
Option 4 (limit rtl, hsg, & hotel)											
		\$342,926	\$352	\$0	\$1,189	\$0	\$357,562	\$0	(\$1,485)	\$0	(\$14,692)
Non Study Area											
		\$112,156	\$109,170								
											\$2,986

TABLE 16 Fiscal Impact For West Newport Industrial											
WEST NEWPORT INDUSTRIAL	Total	Housing	Office	Retail	Industrial	Lodging	Marine	Service Commercial	Institutional	Public	
General Plan Growth	(1,367,961)	(18,930)	(167,705)	0	(225,379)	\$0	\$0	21,389	(1,070,313)	92,978	
GPAC Alternatives Growth											
Option 1	(1,389,910)	(18,930)	(185,171)	0	(225,379)	\$0	\$0	17,012	(1,070,313)	92,872	
Option 2	(1,587,440)	(35,223)	(533,119)	19,703	(92,381)	\$0	\$0	16,104	(1,070,313)	107,790	
Option 3	(1,159,336)	(69,027)	(214,337)	0	78,644	\$0	\$0	26,795	(1,063,733)	82,322	

A NOTE ON RESIDENTIAL ASSESSED VALUES

When we analyzed new home prices for the fiscal impact of Newport Coast in 2002 and 2003, single family prices averaged \$815,000 and townhouses averaged about \$600,000. Our analysis of existing land uses in Newport Beach showed that there was very little new multi family product, and most of the assessed values of existing apartment units have declined substantially relative to market conditions. Our fiscal analysis indicated that existing residential units generally did not pay their way for City services because the property taxes on existing assessed values were not sufficient. However, new homes such as those in Newport Coast were valued high enough to create a positive fiscal impact. For the alternative analysis in this report, the following assumptions have been made about unit values.

- n Single family: \$900,000
- n Condominium: \$650,000
- n Mixed Use apartments : \$344,000
- n Other apartments: \$275,000

The land use alternatives have been defined in terms of broad land use categories. In order to prepare the fiscal analysis, we have made additional more detailed assumptions about the unit types and values. In the Airport area, Banning Ranch and Newport Center, 75 percent of the multi-family units would be condominiums. In other areas, the ownership share would be 50 percent. For mixed use residential, 75 percent would be condominiums (\$650,000) and the other 25 percent are valued at \$344,000.

[\[1\]](#)

In this context, “average prices” range from the low \$400,000’s for townhouses to the low \$600,000’s for single family units, while “higher prices” range from \$600,000 for townhomes to \$800,000 for single family units.



CITY OF NEWPORT BEACH
HARBOR COMMISSION

September 10, 2003

Ms. Sharon Wood, Assistant City Manager
CITY OF NEWPORT BEACH
3300 Newport Boulevard
Newport Beach, CA 92658-8915

Dear Ms. Wood:

The Harbor Commission has reviewed the current (May 2003) draft of the "Fiscal Impact Analysis & Model-Newport Beach General Plan Update" process prepared by the City's GP update economic consultant, Applied Development Economics, Inc.

As a result of this review, (see Summary sections below), the Harbor Commission has identified a number of harbor-related land/water-use, economic and financial factors which it wishes the City, its consultants and GPAC to seriously consider in the continuing input to, and refinement of, the update process. These factors are covered in the "Recommendations" section at the end of this letter.

Summary-Marine Industry Land Use, Economic & Fiscal Characteristics & Trends-2003

As summarized on pages 31 and 32 of the consultant's report, marine uses and the marine industry **"...account for over 1000 jobs and generate nearly \$2.7 million in net revenues..."** to the City of Newport Beach.

The report summary accurately describes the steadily-evolving reduction in numbers of Newport Beach Marine Industry uses and their total revenues, as well as "leakage" to other market locations resulting from general marine industry attrition, consolidation, environmental regulation, and increasing land and operations costs.

The implications of the loss to the City of significant positive net revenues by further unchecked shrinkage and leakage of Marine Uses is noted in the report and by the Commission.

Finally, the (seeming) inability of the Newport Beach Marine Uses to hold position or expand/diversify in Newport Beach in the face of these larger forces is also noted. The potential cooperative roles of private and public sector in creative solutions to these problems and arresting the trend of decline are described in the report summary.

Summary- Fiscal Analysis of Existing General Plan Marine Uses-2003

This analysis (Table 13-pp24&25) shows Marine Uses in 5th place (of 9), contributing an estimated/allocated \$4.6 million of City Revenues, and in 7th place in terms of City Expenditures at \$1.9 million, with a **net positive balance to the City of \$2.67 million, putting it in 3rd place in this category**, behind Lodging (1st) and Retail (2nd).

This role of Marine Uses is significant in illustrating their importance to the City and its citizens/taxpayers, since it is one of the very few positive-balance uses offsetting the negative-balance Residential, Office, Industrial and Public uses, and enabling the City to show a modest positive balance overall.

Boat and Marine Equipment Sales Tax Revenues represent 5% of the total sales tax revenues generated by all of the land use categories , placing Marine Uses in 4th place in the 9 categories , ahead of light industrial and hotels.(p22-Fig 1)

Marine Uses Gross Revenues are also 5% of gross City revenues , tied for 5th with public uses , and behind lodging, but still ahead of light industrial and service commercial, etc. (p22-Fig 2)

Summary- Fiscal Analysis of Potential General Plan Marine Uses at GP Buildout - 2025

The projected General Plan Buildout (pp 41&42) indicates growth by 2025 in all land use categories and in visitor levels, **except for Marine Uses.**

The consultant's Fiscal Analysis GP Buildout Marine Uses Development Summary -2025 (Table 20-pp43&44) shows Marine Uses slipping to 6th place, with an estimated \$4.9 million in City Revenues, reflecting only \$0.3 million increase in 22 years. It shows Marine Uses holding in 7th place in terms of City Expenditures at \$1.9 million, also no change in 22 years. **Marine Uses although not increasing substantially, retain their net positive balance to the City of approximately \$3 million, staying in 3rd place in this category, behind Lodging (1st) and Retail (2nd).**

The report summary states: "We have not assumed, however, a commensurate increase in the marine industry or the number of boats moored in Newport Harbor. The general plan buildout projection does not include additional marina berths, and as discussed earlier, some elements of the marine industry are under pressure from rising real estate prices and may not be able to expand readily in Newport Beach."

Harbor Commission Recommendations

Recommendation 1-Analyze Both No-Growth and Growth Alternatives for Marine Uses

The current GP update projection for Marine Uses, as noted above, assumes essentially a passive "hold-the-line" position for Marine Uses in the community of Newport Beach over the next 22 years, which the Harbor Commission believes to be overly conservative and not a reasonable basis for future planning based upon the current experience of Newport Beach and other waterfront/marine industry communities.

The Harbor Commission believes that there are actually two alternative scenarios/choices which should be analyzed for Newport Beach marine uses in the General Plan Update process, in order to provide perspective for GPAC/City decision-making :

A. Passive-No Growth: Experience indicates that a passive, non-proactive approach to a dynamic land use and economic element such as marine uses and related activities would not maintain the status quo, as permitted in the existing General Plan. Rather there would be a significant, potentially catastrophic decline in the role of marine industry uses as a Newport Beach "economic engine", employment and visitor generator, and as an important image maker over the next two decades through complacency and inaction and through market forces. This condition should be unacceptable to the Newport Beach community, but it is important that its negative implications for City fiscal health, overall economics, image and heritage should be fully examined in the General Plan update effort, to serve as a cautionary example of potential decline. **The Harbor Commission feels that this issue requires a more comprehensive discussion of the potential negative economic impacts on Newport Beach of a decline in marine uses and revenues, supplementing the existing consultant report text and financial projections, to serve as a cautionary example for City, GPAC and consultant analysis, and to lend perspective to an alternate, preferred approach, described below.**

B. Proactive-Sustainable Growth: The Harbor Commission and its predecessor Harbor Committee have, over several years, had numerous discussions on the potential evolution of the existing marine uses and activities, as well as their

revenue potentials, on the land and water areas of Newport Harbor. These discussions, also incorporating the experience of other evolving waterfront communities, project a diversification and consolidation as well as more efficient grouping of the Newport Beach marine uses and related water-dependent activities on both land and water. Numbers, types, locations, and combinations of uses and activities will change and evolve, as will their primary and secondary economic, people, environmental and image benefits. Rather than a "wishful thinking projection" this positive evolution of marine uses and activities would be the result of proactive efforts already underway by the Newport Beach private and public sectors to retain and strengthen this important sector of the community. Thus this active and developing trend, rather than a simple projection of existing conditions, should be considered by the General Plan update process. **It is the position of the Harbor Commission that the Proactive-Sustainable Growth option for marine uses in Newport Beach needs to be analyzed and discussed in more detail among City Staff, Harbor Commission representatives, GPAC and the City's consultants during the current GP update process. It can then be refined and integrated into a updated General Plan through City, GPAC and consultants as the desirable choice/basis for General Plan policies, objectives and implementation strategies for marine uses, using the already-adopted Harbor and Bay Element, in conjunction with the other elements of a new General Plan.**

Recommendation 2- Expand Marine Uses SIC/NAICS Categories, Revenue Sources

The Commission feels that the sources and amounts of "Marine Industry" revenues potentially ascribable to this category, need to be reviewed as to the comprehensiveness of its SIC and NAICS subcategories(see attached list), as well as all other related revenue sources, in subsequent GPAC discussions and in GP consultant/staff analysis.

Recommendation 3- Add Marine Tourism Uses and Revenue Sources to Marine Uses

The Harbor Commission believes that the important existing (and potential) roles of the Marine Uses in the General Plan, and in the economic and fiscal "balance" of uses in the community are not yet fully addressed in the General Plan update process to date, and need to be expanded to encompass all harbor-related uses, both traditional "marine", as well as marine tourism and water-related uses. Ongoing marine industry data gathering and analysis efforts and results need to be provided to the City, GPAC and consultants for use in this marine tourism analysis.

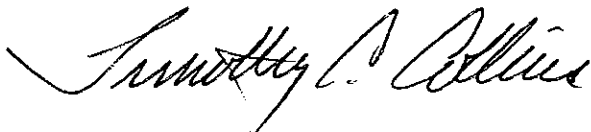
Recommendation 4- Expand Consideration of Tidelands Uses to New Water-Based Uses

The Commission feels that the consultant's analysis of potential economic and fiscal sources and solutions needs to be extended to the water areas of the City. General Plan options with additional implementation recommendations should be considered for City actions and public/private partnerships. These options would conserve key waterfront locations and important marine uses, enhance user-pay public access and uses at/on the harbor, sustain and improve the harbor environment, improve harbor operations and sustain and create uses and activities providing secondary economic benefits to the City and harbor.

The Harbor Commission sees the potential for a sustained and growing marine user base to contribute needed revenue for dredging and other harbor quality initiatives of the Commission. Absent same, the burden will fall solely upon the waterfront residential users and boaters, or in combination, a further burden on City expenditures.

We stand ready to support the ongoing processes by City staff, consultants, and GPAC.

Respectfully Submitted,
Newport Beach Harbor Commission

A handwritten signature in black ink, appearing to read "Timothy C. Collins". The signature is fluid and cursive, with a large initial "T" and "C".

Timothy C. Collins, Chairman

Recommendation #2 Attachment

Comments/ Questions Related to Marine Land Use Definitions by SIC/NAICS Codes (Appendix A of Fiscal Impact Analysis and Model-Newport Beach General Plan Update)

Background

The Harbor Commission acknowledges and is pleased that the Fiscal Impact Study consultant has provided a very useful distinction between marine and general land uses by their creation and analysis of a separate category of marine uses in the GP update.

In a harbor-based community such as Newport Beach, with numerous marine services, berthing, and water-based tourism and transportation uses which are evolving from a past dominant role, scale and mix to still-important current and future new roles, it is essential to be able to define and measure this change, see important trends and plan the future proactively in documents such as the General Plan, Local Coastal Plan, HAMP, etc.

It is understood by the Harbor Commission that the Marine Uses data available to the consultant for this study may not have been assembled by, or available from, the data sources in a number of the SIC/NAICS categories and subcategories of "marine uses".

It is further understood that data for many specialized land use subcategories may have been aggregated, either at the sources or by the consultant for simplification purposes, since this is only one of a number of land uses being considered in the broader scope of the overall General Plan Update process.

Questions

In asking these questions, The Harbor Commission does not propose to extend the scope, timing or cost of the consultant's work or City Staff effort, or to delay the GP update process, but rather to seek clarification on:

1. whether certain general categories of data were computed and analyzed including some key subcategories,
2. if other data sources were consulted to determine revenues and costs and,
3. if allocations of revenues and costs for Tidelands areas were proportionately allocated between the harbor/bay area and the ocean beaches/related areas.

Question 1- Comprehensiveness of Categories/Subcategories Data Inclusion

a. SIC4493/NAICS713930 Marinas & NAICS713990 Boating Clubs w/o Marinas

Do these categories include data on subcategories: Boating Clubs w/Marinas, Sailing Clubs w/Marinas, Yacht Basins, Yacht Clubs w/Marinas, Recreational Kayaking, Recreational Rowing Clubs, Parasailing, Charter Fishing?

b. SIC 7997/7999 Beaches, Piers, etc.

Do these categories include data on subcategories: Bathing Beaches, Beaches, Beach Clubs, Beach Amusement/Recreation Services, Fishing Piers?

Question 2 - Inclusion of Other Data Sources

Are/where are the revenue and cost sources listed below included in the analysis? It is assumed that some are grouped under Tidelands, others under general retail, etc. Can we get a clarification? If not can these issues/sources be flagged for future consideration and analysis by the City, others?

- a. Moorings (offshore and shore), including annual and visitor sources, OC costs
- b. Private piers and docks (presumed estimated thru permits)
- c. Commercial piers and docks (" " " ")
- d. Public piers, launch ramps, dry storage of vessels
- e. Beach parking, other water-related uses parking (public, lessees)
- f. Institutional/non-profit/educational marine uses and activities
- g. Waterfront/water-related tourism and retail (boat rentals, restaurants, etc.)

Has there been any research into sources of tourism data other than that from the annual NB Visitors Bureau estimates which might be able to define the magnitude of "marine/water-related tourism economic impacts? (universities, private sector?)

Are any of the unique* direct and indirect revenues/economic benefits to the community of marine/waterfront land use-based events and activities included? (Christmas Boat Parade; Newport to Ensenada Race; major regional, national, international sailing & rowing regattas; other YC and BBC events; NH Nautical Museum Events/Tall Ships Visits; OCC Sailing Center events; Scout Sea Base events; NH Aquatic Center events; Backbay Fireworks, other events; In-Water Boat Shows, BI Art Walk, etc.

* (It should be noted that most of these activities are unique to a harbor community like NB with a protected water area and a varied-uses, public-access waterfront. They are seasonally/annually cyclical and economically very significant in their attendance levels, as differentiated from the general flow/levels of beach-city tourism focused primarily on the ocean beach(es) and pier(s). In the state, only San Francisco Bay and San Diego Bay have similar activity diversity/added value from an enclosed harbor/waterfront uses. The Newport Beach economy significantly benefits from these water-uses events, and is/will be increasingly dependent on their economic benefits, derived from a balanced mix of key waterfront uses and activities.)

Question 3- Tidelands Areas Revenues/Costs Allocation

Is it possible to differentiate or proportionally allocate between those Tidelands costs and revenues ascribable to the ocean beaches and related areas and services and those ascribable to the harbor and bay and their interior beaches, wetlands and services? This would be helpful in attempting to project and allocate future costs and services associated with both areas, setting of lease and rental rates, fees, etc. on appropriate user-pay/balanced-budget approaches. It would also be helpful in defining and weighing land use, public use planning choice-making for the Tidelands areas during the GP update process.